

KEPPEL OPP'N EXH. 57



Deposition of:
Kevin Corrigan

October 16, 2020

In the Matter of:
EIG v. Petrobras

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1 office in Tysons Corner, Virginia. You know,
2 Washington D.C., basically. And in mid-2006 that
3 office was closed down. It was part of TCW. I
4 should -- are you aware that, you know, EIG was an
5 offshoot of TCW that occurred in 2010?

6 So I say EIG for the 10 years, but it was
7 really TCW and then EIG.

8 Q. So let's clear that up. So TCW is the Trust
9 Company of the West?

10 A. Correct. Yes, based in Los Angeles.

11 Q. So you were first employed by TCW in February
12 of 2005?

13 A. That's correct. And EIG was the -- were the
14 initials for the Energy and Infrastructure Group
15 within TCW.

16 Q. And that group was spun off into a separate
17 company or series of companies in 2010?

18 A. Approximately 2010, yeah.

19 Q. Okay. Did that change your employment in any
20 way?

21 A. Really, for me, it was completely seamless.
22 I was doing the same thing. I was working with the

1 same people, and we just left Los Angeles and went
2 back to Washington, D.C.

3 Q. So was there a time where you were located in
4 Los Angeles?

5 A. Yes. I started to say that. So the first --
6 so when I was hired until the middle of 2006, we were
7 in Tysons Corner. Then we -- TCW asked us to close
8 that office, and we all went out to Los Angeles.
9 There were about four or five of us in that office,
10 and we all moved to Los Angeles. And I lived there
11 for four years until we went back to Washington, D.C.
12 with EIG.

13 There was a transition period where EIG and
14 TCW were still sort of co-existing, and I think -- my
15 recollection is that they were completely independent
16 as of January of 2011.

17 Q. 2011, you said?

18 A. Yeah.

19 Q. Okay. And so when did you move back to
20 Washington, D.C.?

21 A. Around July of 2010.

22 Q. Okay. So you were in Washington, D.C. from

1 July of 2010 through when?

2 A. June of 2012, when I went to Brazil.

3 Q. Okay. And so where did you live in Brazil?

4 A. Rio.

5 Q. And how long were you there?

6 A. Two years. From 2012 to mid-2014. I retired
7 from Rio.

8 Q. And why did you go to Rio de Janeiro -- why
9 did you relocate to Rio de Janeiro in 2012?

10 A. Well, EIG was expanding at the time, and we
11 wanted to have a presence in Brazil. We were
12 committed to that market, and so I opened an office
13 for EIG in Rio.

14 Q. Okay. How many people were in that office
15 besides you, if any?

16 A. Let's see. The first hire was sort of a side
17 kick for me named Marcel Abe, and then we had an
18 administrative assistant, and that was it. Of course
19 we served as a place for people to hang their hats
20 when they came on visits. We had a fair number of
21 visitors coming and going from EIG.

22 Q. Go ahead, please.

1 A. I'm sorry. That office was shared with
2 Lakeshore Partners, the financial advisors.

3 Q. So was it one office that both companies were
4 in?

5 A. Well, originally, we actually shared offices
6 in Sete Brasil's headquarters in Humaita. And we,
7 "we," meaning Lakeshore and us, got our own office in
8 Ipanema for several months. I don't remember how
9 many. And then we moved to more permanent
10 headquarters in Botafogo.

11 And that's correct. We each paid sort of
12 50-50, and, you know, we had our own communication
13 systems and what not, but we shared space essentially.

14 Q. Okay. So just -- I don't need to know the
15 exact dates, but I'm just trying to get my head around
16 this. So starting in June 2012, you relocated to
17 Rio de Janeiro, and EIG shared office space with Sate
18 Brasil and Lakeshore or just Sete Brasil?

19 A. No, and Lakeshore.

20 Q. Okay. And when you say, "shared office
21 space," it wasn't like you each had full run of the
22 building. You all were in a shared space. You might

1 have had individual personal offices, but there wasn't
2 a separation between the companies in terms of
3 physical barriers?

4 A. I believe there was a wall --

5 MS. LAW: Kevin, could you please just give
6 me a chance to put objections in.

7 THE WITNESS: Oh. Sorry.

8 MS. LAW: There was an objection to form on
9 that.

10 BY MR. WOLINSKY:

11 Q. Go ahead.

12 A. There was a barrier of sorts that separated
13 Sete from these outsiders, if you will.

14 Q. And was that barrier a wall --
15 floor-to-ceiling wall?

16 A. Yes, that's my recollection.

17 Q. Okay. But you and Lakeshore shared office
18 space without such a barrier?

19 A. Correct.

20 Q. And the principal at Lakeshore was a
21 gentleman named Luiz Reis; is that right?

22 A. Reis, yes.

1 you because I'm taking a trip to Rio de Janeiro on
2 October 18 and 19, along with a colleague, and would
3 like to know if scheduling a meeting for our
4 presentation is possible, in addition to understand a
5 little better if there are any opportunities for us to
6 work in concert in major investments in which
7 Petrobras is engaging." So let me just start with
8 this.

9 Mr. Ferraz was not expecting this request
10 from you; correct?

11 MS. LAW: Objection.

12 MR. WOLINSKY: Let me rephrase that,
13 actually.

14 Q. You reached out to Mr. Ferraz on your own
15 accord. Isn't that right?

16 A. Correct.

17 Q. Okay. And at that point in time, you had no
18 existing relationship with Mr. Ferraz; correct?

19 A. Correct.

20 Q. Okay. In fact, you never met him or
21 communicated with him as of September 30, 2010 when
22 you sent this E-mail?

1 A. That's correct.

2 Q. And your request to him does not mention Sete
3 Brasil; correct?

4 A. Correct.

5 Q. It doesn't mention Project Sondas either.

6 A. No.

7 Q. In fact, it asks for time for you to make a
8 presentation to him; correct?

9 A. Yes.

10 Q. Okay. And Mr. Ferraz writes back and says,
11 "I am available for a brief conversation on the 19th
12 afternoon." Do you see that?

13 A. Uh-huh.

14 Q. And you write back to that on the first page,
15 and you say, "Thank you much for your reply; this will
16 work for us. Surely, we will not take more than
17 thirty minutes of your time for our presentation";
18 correct?

19 A. Correct.

20 Q. Did you, in fact, make a presentation to
21 Mr. Ferraz on October 19, 2010?

22 A. I'm sure I did. We typically would bring a

1 little marketing pamphlet, if you will, and show
2 people.

3 Q. Okay. Was there anybody -- who was at the
4 meeting you had with Mr. Ferraz, to the extent you
5 remember?

6 A. Yeah, I'm having -- well, because earlier, I
7 said that I thought it was just me, but I'm talking
8 about here me and a colleague. But I thought I went
9 by myself to visit Ferraz.

10 Q. So it was you, potentially an EIG colleague,
11 and Mr. Ferraz in the meeting?

12 A. Yes.

13 Q. Was there anybody else there that you
14 remember?

15 A. No.

16 Q. Okay. Did Mr. Ferraz make any sort of
17 presentation to you at that meeting?

18 A. No.

19 Q. Did he present a slide show?

20 A. No.

21 Q. Did he give you any documents?

22 A. I don't believe so, no.

1 Q. Is it fair to describe this meeting as a kind
2 of meet and greet or getting to know you type meeting?

3 A. Yes. It was definitely an introductory
4 meeting between EIG and Petrobras.

5 Q. Okay. And it wasn't focused on any
6 particular transaction; correct?

7 A. No. But we -- I'm sure we talked about
8 Project Sondas.

9 Q. Okay. Do you recall talking about anything
10 else -- actually, let me ask you this: Do you
11 specifically remember talking about Project Sondas?

12 A. Well, I don't remember the details of the
13 meeting, but I was going there to meet him and to
14 learn more about Sondas and see if EIG could
15 participate.

16 Q. Okay. Was that the -- were there any other
17 projects or opportunities discussed at that meeting,
18 to your knowledge?

19 A. I don't believe so.

20 Q. Okay.

21 A. Although, I'm sure I would have made a
22 general request that if there's anything we can do for

1 Petrobras, we would be happy to look at it.

2 Q. Okay. And at that point, did EIG already
3 have an investment with the Bolivia Brazil pipeline?

4 A. I don't think so. I think that came later.

5 Q. Okay.

6 A. I'm sorry I don't remember the time.

7 Q. That's okay. It's a decade ago. If you
8 remembered every detail, it would be remarkable.

9 So -- and you said you discussed Project
10 Sondas with Mr. Ferraz. Did you discuss specifically
11 Sete Brasil?

12 A. Well, Sete Brasil was the vehicle through
13 which Sondas was going to be developed. So yeah, they
14 kind of go hand-in-hand.

15 Q. Okay. And you expressed interest to
16 Mr. Ferraz in becoming an investor in Sete Brasil?

17 A. I'm sure I would have.

18 Q. And at that point in time, your understanding
19 was that there was a desire -- there wasn't a desire
20 to have international investors in Sete Brasil, I
21 believe is what you said before?

22 MS. LAW: Objection. Form.

1 THE WITNESS: Yeah. That did not come from
2 Ferraz, but I was in contact with their financial
3 advisors who were telling me that.

4 BY MR. WOLINSKY:

5 Q. Okay. So you were trying to make the case to
6 Ferraz for the inclusion of a U.S. based investment
7 firm or fund in the Sete Brasil project?

8 MS. LAW: Objection to form.

9 You can answer.

10 THE WITNESS: Well, I was trying to make the
11 case that EIG would be interested in supporting
12 Petrobras in this undertaking.

13 BY MR. WOLINSKY:

14 Q. By making an investment in Sete Brasil?

15 A. Yes.

16 Q. Okay. At that point in time, did you have a
17 specific amount that you believed EIG was interested
18 in investing?

19 A. No. I'm sure that was premature at that
20 point.

21 Q. At that point in time, did you have any
22 authorization to invest in Sete Brasil?

1 A. Oh, no. Absolutely not.

2 Q. At that point in time, did you have enough
3 information about the project in order to make a
4 decision about investing?

5 A. No.

6 Q. Okay. If you look back at Exhibit 3, which
7 is the Complaint.

8 A. Okay. What page?

9 Q. It's Page 16.

10 A. Paragraph 16 or Page 16?

11 Q. Page 16. We just talked about Paragraph 45 a
12 moment ago --

13 A. Right.

14 Q. -- which was the October 2010 meeting. I
15 want to go back to that for a second.

16 A. I'm on it.

17 Q. Okay. So this says, "in October of 2010,
18 employees of EIG met with Ferraz." Do you see that?

19 A. Uh-huh.

20 Q. Is that the meeting that we were just talking
21 about?

22 A. Yes. Exactly.

1 Q. To your knowledge, is it referring to any
2 other meetings with Ferraz?

3 MS. LAW: Objection.

4 THE WITNESS: Not -- I don't believe so, no.

5 BY MR. WOLINSKY:

6 Q. Okay. And do you remember what colleague was
7 with you at the October 2010 meeting?

8 A. If it was anybody, it would have been Clay
9 Taylor.

10 Q. Okay. And then the next paragraph says,
11 "During March 2011, EIG representatives again met in
12 Brazil with Ferraz, who at the time was a Petrobras
13 employee." Do you see that?

14 A. Uh-huh.

15 Q. Okay. So did you have any --

16 MR. WOLINSKY: Let me show you another
17 document. Hold on. Too many screens.

18 (Pause in proceedings.)

19 MR. WOLINSKY: I'm going to show you what
20 I've marked as Exhibit 9. Let me know when it pops up
21 on your screen.

22 (Deposition Exhibit 9 was marked for

1 A. Yes.

2 Q. Do you have any knowledge of whether or not
3 Mr. Ferraz was aware of any unlawful conduct ongoing
4 at Petrobras as of the time you met with him in March
5 2011.

6 A. I would have no way of knowing that, Robert.

7 Q. Okay. And -- okay. If you look at
8 Paragraph 47 of the Complaint, it says, "On or about
9 September 14, 2011, Lakeshore Financial Partners
10 Participacoes Limitada - acting, upon information and
11 belief, as an agent of and/or financial adviser to
12 Sete and/or Petrobras - transmitted to EIG, again at
13 its law offices in Washington, D.C., yet another
14 confidential information memorandum promoting
15 investment in Sete, dated September 2011 (the
16 'Lakeshore Memorandum')." Do you see that?

17 A. Yes.

18 Q. Okay. I guess first of all, previously you
19 had said that you weren't aware of Lakeshore ever
20 acting on behalf of Petrobras; correct?

21 MS. LAW: Objection.

22 You can answer.

1 THE WITNESS: That's correct. I believe that
2 Lakeshore became a client of Sete, the subsidiary of
3 Petrobras.

4 BY MR. WOLINSKY:

5 Q. Okay. It's your understanding that Sete is a
6 subsidiary of Petrobras?

7 A. Yeah. It has a minority shareholding.

8 Q. And that's your understanding of what makes a
9 company a subsidiary of another company?

10 A. It can be. It doesn't mean it has to be
11 controlling shareholdings, even though it controlled
12 it effectively.

13 Q. Okay. So was Sete a subsidiary of EIG?

14 A. Sete was a -- we had a minority participation
15 in Sete. We had funds. So there's not a corporate
16 entity that would have a subsidiary.

17 Q. Well, so didn't Petrobras -- you understand
18 that Petrobras' relationship to Sete was as a
19 shareholder and a business -- an arm's length -- let
20 me start over.

21 You understand that Petrobras' relationship
22 with Sete was that Petrobras was a shareholder of

1 Sete; correct?

2 A. That's one of many roles Petrobras played
3 with Sete. It was entirely conceived, established,
4 run by Petrobras from Day 1. They appointed senior
5 management. They were provided the contracts that
6 allowed the company to exist. So I don't see how we
7 could try and make the point that this is not
8 Petrobras.

9 Q. Well, you understand that companies observe
10 corporate formalities and have separate legal
11 existence; correct?

12 MS. LAW: Objection to form.

13 THE WITNESS: Yes, I understand that.

14 BY MR. WOLINSKY:

15 Q. Okay. Is what you just said EIG's position
16 or your own personal views?

17 A. What I was trying to summarize is the reason
18 we wanted to go into the transaction and that we did
19 go into the transaction were for those reasons, that
20 this had -- this was a AAA credit with the top notch
21 company in Brazil, the largest private investment
22 bank, the largest foreign bank, the most prestigious

1 pension funds. This was a club we wanted to enter,
2 but Petrobras ran this show.

3 Q. When you say, "this is a club we wanted to
4 enter," what "club" are you referring to?

5 A. That if you're going to do business in
6 Brazil, you could not have a better group of
7 counterparts than the ones that existed in Sete
8 Brasil.

9 Q. Okay. Are you familiar, on behalf of EIG, of
10 the ownership structure of Sete Brasil?

11 A. I mean I knew those numbers off the top of my
12 head a while back. I remember we owned 6.3 percent.

13 Q. Okay.

14 A. I remember BTG Pactual was the largest
15 shareholder. Petrobras, I think, had 10 percent,
16 et cetera.

17 Q. So Petrobras was not even the largest
18 shareholder in Sete Brasil; correct?

19 A. Yes. Robert, we've already established that,
20 but there's a lot more to it than that.

21 Q. Okay. And --

22 A. If you want to beat down on 10 percent and

1 say they didn't control it, that's your view, and I
2 respect that, but this transaction --

3 MS. LAW: Let him ask his questions, and you
4 just answer his questions.

5 THE WITNESS: All right.

6 BY MR. WOLINSKY:

7 Q. Okay. And Sete -- and Petrobras actually
8 engaged in a bidding process to award contracts for
9 rigs; correct?

10 A. That's correct.

11 Q. And Sete had to bid for the rig contracts
12 from Petrobras just like any other third party would;
13 right?

14 MS. LAW: Objection.

15 THE WITNESS: That's right.

16 BY MR. WOLINSKY:

17 Q. And then Petrobras and Sete negotiated
18 contracts using separate legal teams; right?

19 MS. LAW: Objection to form.

20 THE WITNESS: Well, I know who Sete's lawyers
21 were. I don't recall the other side.

22 BY MR. WOLINSKY:

1 Q. And when you dealt with Lakeshore, Lakeshore
2 was speaking -- or working on behalf of Sete Brasil.
3 Isn't that right?

4 A. That's how we viewed them, yes.

5 Q. Okay. And are you aware of any agency
6 relationship between Lakeshore and Petrobras?

7 MS. LAW: Objection to form.

8 Robert, when you say, "agency" --

9 THE WITNESS: I'm not sure what agency
10 relationship --

11 BY MR. WOLINSKY:

12 Q. Okay. So you look at Paragraph 47 in the
13 Complaint, where it says, "On or about September 14,
14 2011, Lakeshore Financial Partners - acting, upon
15 information and belief, as an agent of and/or
16 financial adviser to Sete and/or Petrobras."

17 Do you see that?

18 A. Uh-huh.

19 Q. So what I'm asking is when Lakeshore
20 financial partners sent you a document on
21 September 14, 2011, what is your basis for saying they
22 were an agent of Petrobras?

1 A. Well, that's the discussion we were just
2 having. You're trying to make a point that Sete
3 wasn't a subsidiary of Petrobras because it only owned
4 10 percent, and we're saying to us, they were
5 together.

6 MS. LAW: Objection to form.

7 BY MR. WOLINSKY:

8 Q. Okay. And so is there any other basis for
9 believing that Lakeshore was an agent of Petrobras
10 besides what you've told me?

11 A. No.

12 Q. Okay. Does EIG believe that Lakeshore was a
13 financial advisor to Petrobras?

14 A. Not at that time. They had been earlier when
15 they all worked for Banco Santander. It's the same
16 people.

17 Q. You're talking about people. I'm talking
18 about companies here. I want to know -- your
19 Paragraph 47 says, "Lakeshore Financial Partners
20 Participacoes" -- I'm sure I'm saying that poorly --
21 "Limitada," and that's the entity I'm asking about.

22 That's the one you refer to, EIG refers to in

1 its Complaint. Are you -- is EIG aware of any time
2 when Lakeshore was financial advisor to Petrobras?

3 A. No.

4 MR. WOLINSKY: Okay. Let me get another
5 document for you.

6 (A discussion was held off the record.)

7 (Deposition Exhibit 10 was marked for
8 identification.)

9 BY MR. WOLINSKY:

10 Q. Okay. This is an E-mail exchange. Take your
11 time to look at it. It's from -- the bottom E-mail is
12 from August 16, 2011. Do you see that E-mail?

13 A. Yes.

14 Q. That's an E-mail written by someone from CIC,
15 China Investment Company --

16 A. Corporation, yes.

17 Q. Corporation. Sorry. You accompanied them on
18 a trip to Brazil in August of 2011; correct?

19 A. Correct.

20 Q. Okay. What was the purpose of that trip?

21 A. Well, among the -- in addition to considering
22 us to come in as an investor, the financial advisers

1 and Sete discussed the possibility of maybe having
2 more than one, and could EIG help them with this. And
3 so not me, but I think Blair reached out to CIC,
4 because they were one of our important clients, you
5 know, on the funding side in China, and they obviously
6 expressed enough interest to at least explore it so
7 that they -- we arranged this trip for them, which I
8 then accompanied these two individuals on. And it was
9 for the sole purpose of gauging their interest in
10 investing in Sete Brasil.

11 Q. So you as EIG were facilitating an
12 introduction to CIC to Sete and Lakeshore; is that
13 right?

14 A. Correct.

15 Q. And you accompanied them on a trip in August
16 of 2011 to do due diligence, I guess?

17 MS. LAW: Objection to form.

18 THE WITNESS: To do their preliminary due
19 diligence, yes.

20 BY MR. WOLINSKY:

21 Q. Do you remember who you met with during that
22 trip?

1 A. Well, we certainly met with Ferraz. We
2 met -- we visited one of the shipyards. I want to say
3 it was Keppel Fels, but I'm not 100 percent sure. We
4 met with one of the other investors, and I think we
5 met with a couple of the other pension fund investors
6 in Sete because they wanted to ask, you know, "What
7 attracts you to this transaction. So we would listen
8 to what they had to say.

9 Q. So looking at the E-mails here, they don't
10 identify anyone from Petrobras on them. Is that
11 because -- well, is that correct? No Petrobras
12 people -- I don't see any. Do you?

13 A. I'm not sure I understand the question,
14 Robert. This is sort of like internal communications
15 between EIG and CIC and Lakeshore to set up some
16 meetings in Brazil. Isn't that what this is?

17 Q. I guess so. You tell me what it is.

18 A. That's how I'm reading it.

19 Q. Okay. So communications -- so it does
20 include Sete. So if you look at the bottom E-mail
21 that Mr. Yangyang sent --

22 A. That's a woman.

1 Q. Miss. Thank you.

2 -- sent she, sent it to Mr. Ferraz at Sete,
3 to Luiz Reis, to Ivan Hong, both at Lakeshore, and
4 then to a number of China investment folks, and then
5 to you and Mr. Thomas; correct?

6 A. Right.

7 Q. So that was the core group that was
8 discussing CIC's involvement in the investment in
9 Sete; right?

10 MS. LAW: Objection. Form.

11 THE WITNESS: Right.

12 BY MR. WOLINSKY:

13 Q. During your meetings -- during your visit to
14 Brazil in August of 2011 with CIC, did you meet with
15 anyone from Petrobras?

16 A. I don't remember. We probably would have
17 tried to set up an appointment with somebody at
18 Petrobras, but I don't remember.

19 Q. Okay. And I guess it's fair also to say you
20 don't -- if you don't remember whether you did, you
21 don't remember meeting with any specific Petrobras
22 employee during that meeting; correct?

1 A. Yes.

2 Q. Okay. Why were you sending this information
3 to the China Investment Corporation?

4 A. Well, it goes back to the earlier discussion
5 we had on how Sete was thinking of asking for
6 additional overseas investors, and we were continuing
7 the dialogue that we already started with CIC.

8 Q. Okay. And, you know, at least the investment
9 recommendation and some of the Brazilian counsel notes
10 are, you know, internal documents. Why was EIG
11 willing to share those internal documents with CIC?

12 MS. LAW: Objection to form.

13 BY MR. WOLINSKY:

14 Q. To the extent you know, why was EIG willing
15 to share these documents with CIC?

16 MS. LAW: Same objection.

17 THE WITNESS: I don't know. You'd have to
18 ask my superiors at EIG at the time.

19 BY MR. WOLINSKY:

20 Q. So you sent these documents to CIC at someone
21 else's direction?

22 A. Yes. I can say that CIC at that point was --

1 I don't know if it had already happened. They were
2 investing in EIG. They were an extremely important
3 client, and we had approached them about an interest
4 in basically co-investing with us. So we would have
5 been very open with our information with that.

6 Q. Okay. And who would have directed you to
7 send this to them?

8 A. I don't remember getting permission, but --

9 MS. LAW: Objection to form.

10 THE WITNESS: I'm sorry.

11 MS. LAW: I just wanted to make sure the
12 objection was noted on the record.

13 THE WITNESS: Robert, I don't know the answer
14 to that.

15 MR. WOLINSKY: Okay. Fair enough.

16 Okay. Let me get the next document up.

17 (Deposition Exhibit 21 was marked for
18 identification.)

19 MR. WOLINSKY: Exhibit 21.

20 Q. This is the "Energy FUND XIV Investment
21 Recommendation" for 250 million reais of common
22 equity. It's dated June 27, 2011.

1 Have you seen this document before?

2 A. Yes. I had a big part in preparing it.

3 Q. Would you say that you were the lead person
4 in preparing it?

5 A. Yes. I was viewed as the lead within EIG.

6 Q. Okay. Can you tell me what the purpose of
7 this document is?

8 A. The purpose of the document is to bring
9 together the months of due diligence we've done and
10 the thousands of pages of documents we've sifted
11 through and models we've analyzed and try to summarize
12 it into a presentable document that is sent to our
13 investment committee, and they then read it and vote
14 to approve this -- the investment.

15 Q. So is it fair to think that you read and
16 approved of every word in this before it was
17 finalized?

18 A. Yes.

19 Q. And is there a template or a specific set of
20 requirements for investment recommendation to an EIG
21 fund?

22 A. Yes. I mean there's some ability to tailor

1 to specific circumstances, but there are certain
2 information that needs to be included.

3 Q. Okay. If you look at Page 15, it starts
4 "Risks and Mitigants." Do you see that?

5 A. On 15, yes. "Risks and Mitigants."

6 Q. It goes on to 18, 19, 20.

7 A. Right.

8 Q. Okay. Did you draft that?

9 MS. LAW: Objection to form.

10 MR. WOLINSKY: What's the objection?

11 MS. LAW: I don't know, are you talking about
12 the section? Are you talking about the pages that you
13 just responded to?

14 MR. WOLINSKY: Yes. They're the same thing.
15 Risks and mitigants go from Page 15 to 20 with a
16 section and those pages, and I want to know whether
17 this witness drafted those pages, which was a
18 collective section.

19 THE WITNESS: I believe I did, but I can't
20 tell you I remember writing all of these, but that
21 would have normally been my job.

22 BY MR. WOLINSKY:

1 Q. Would you have relied on inputs from anyone
2 else to draft this section?

3 MS. LAW: Objection to form.

4 THE WITNESS: Well, only the information
5 memoranda given to us by Santander and Caixa Economica
6 Federal, which had their own discussions on risks and
7 mitigants.

8 BY MR. WOLINSKY:

9 Q. So would you do your own independent analysis
10 of risks?

11 MS. LAW: Objection to form.

12 THE WITNESS: Yes. We had done that as well,
13 but I'm saying the source of those documents were
14 those info memos.

15 MS. LAW: Objection.

16 BY MR. WOLINSKY:

17 Q. And would you also have relied on advice of
18 your own counsel in considering the risks and
19 mitigants?

20 MS. LAW: Objection to form, and I instruct
21 the witness to the extent he is talking about
22 discussions with counsel, he can say "yes" or "no"

1 investment in Queiroz Galvao, one of their ships.

2 Q. Okay. So it was an investment in the Queiroz
3 Galvao ship?

4 A. Well, Queiroz Galvao, yes, asset, the oil and
5 gas-related asset.

6 Q. And of course, you're aware that Camargo and
7 Queiroz Galvao and the EAS shipyard were all accused
8 in various ways of misconduct in Operation Lava Jato;
9 correct?

10 A. Yes.

11 Q. Do you still view Queiroz Galvao as a highly
12 reputable partner?

13 A. Of course not. I don't view any of these
14 counterparties as reputable anymore.

15 Q. And when you did your investment in Atlantic
16 Star, what due diligence did EIG do on Queiroz Galvao
17 at that time?

18 MS. LAW: Objection to form.

19 THE WITNESS: I don't know.

20 BY MR. WOLINSKY:

21 Q. Do you know if they did any due diligence on
22 Queiroz Galvao?

1 A. I don't know. I mean our normal procedure is
2 to do due diligence and prepare investment
3 recommendations. So there would have been due
4 diligence. I did not prepare it.

5 Q. Okay. Does EIG consider the arrest of 10
6 employees, including 4 executives for an alleged
7 kickback scheme involving millions of dollars, to be a
8 serious issue?

9 MS. LAW: Objection to form.

10 THE WITNESS: Yes.

11 BY MR. WOLINSKY:

12 Q. Okay. If you look at No. 2, it says,
13 "Demosthenes Marques is [an investment director] at
14 FUNCEF, one of the largest Brazilian pension funds."
15 Do you see where I am?

16 A. Yep.

17 Q. "FUNCEF will be one of several investors,
18 including large Brazilian banks and [other
19 institutions], alongside EIG in the Sete transaction.
20 Complinet noted that in 2006, a congressional inquiry
21 asked prosecutors to bring charges against directors
22 from 10 pension funds, including Mr. Marques. The

1 directors were accused of funneling funds to
2 politicians through private banks. Complinet did not
3 provide further information regarding the allegations.
4 Independent searches indicated that Mr. Marques has
5 continued serve as a director for several companies
6 from 2006 to the present." Do you see that?

7 A. Yes.

8 Q. Did you do any further diligence with respect
9 to the allegation that Mr. Marques funneled funds to
10 politicians?

11 MS. LAW: Objection to form.

12 THE WITNESS: No.

13 BY MR. WOLINSKY:

14 Q. You are aware that one of the alleged
15 conducts that is involved in Lava Jato is funneling
16 funds to politicians; correct?

17 A. Yes.

18 Q. Okay. So is it fair to say that both of
19 these two items in Mr. Songsanand's E-mail involved
20 conduct that is the same or similar to the conduct
21 involved in Operation Lava Jato?

22 MS. LAW: Objection to form.

1 THE WITNESS: Yes.

2 BY MR. WOLINSKY:

3 Q. Let's go up to your response on June 23, 2011
4 at 8:10 a.m. You write back to Mr. Songsanand, and
5 copying Carl Vogel, and you say, "Thanks, Patrick."

6 Do you see that?

7 A. Yep.

8 Q. You say, "I think it would be useful to have
9 some guidelines on how broad the checks we run should
10 be." At that point in time, June 23, 2011, did you
11 have any guidelines at all on how broad the checks you
12 should run should be?

13 A. No. I think it was up to the individual
14 investment officer to pick who should be checked,
15 which normally would be, of course, your direct party,
16 Sete in this case. And here, because the project
17 involved the construction of ships, we would have
18 looked at the underlying shipbuilders.

19 Q. EAS was being awarded shipbuilding contracts
20 in excess of \$4 billion; correct?

21 A. Correct.

22 Q. Then you said, "I gave you about thirty names

1 covering just about every entity in the transaction -
2 is that what we're after?" Is that not something that
3 you knew the answer to yourself as part of your job
4 responsibilities at EIG?

5 A. Yeah, I didn't, or I wouldn't have been
6 asking it.

7 Q. Okay. So whose job responsibility is it to
8 know the answer to that?

9 A. Well, this is an interactive process with our
10 compliance officer, and she was brought into the
11 picture. I don't remember the outcome of that
12 discussion, but there would have been a discussion
13 with Carla and we deemed that this, while significant,
14 did not reach the threshold of pulling out of the
15 transaction. You know, in retrospect, I made the
16 wrong call.

17 Q. So let me just see here. The sticker is in
18 the way. And Patrick Songsanand writes back and says,
19 "This is from Randy previously." Who is "Randy"?

20 A. The COO, Randy Wade.

21 Q. Okay. Does EIG have a written policy about
22 which parties to check as part of a client's due

1 diligence?

2 A. I think, as I said earlier, it would be up to
3 me to determine who the proper counterparties are in a
4 transaction you're considering, and then put those
5 folks on a list. I think it's just a broad
6 categorization saying, you know, who you're going to
7 be working with. And so for each transaction it would
8 be different because, in this case, you had shipyards,
9 the company itself, and other investors. So those are
10 the people we checked out.

11 Q. So in the second top E-mail, Ms. Vogel
12 responds on June 23. Do you see that?

13 A. Yes.

14 Q. And she says, "I reviewed the articles with
15 Patrick last night, and I agree that based on the
16 information in these articles (which are several years
17 old), the fact that no subsequent findings were
18 identified in our searches and the role these subjects
19 have in our investment, the information is of 'low
20 risk' "?

21 A. Right.

22 Q. And then she goes on and says, "While we've

1 confirm we have been getting automatic updates from
2 Complinet on the Sete search since June 2011. If not,
3 we may need to redo the search given the time lapse.
4 I'll let you know shortly." Do you see that?

5 A. Yes.

6 Q. Okay. Do you know who Terria is?

7 A. Oh, this was her assistant. I remember that.

8 Q. I see. Okay. Is there a reason why
9 Mr. Songsanand was not included on these E-mails that
10 you know of?

11 A. He might have left the company by then. I'm
12 not sure.

13 Q. Okay. Had you seen any update on the
14 Complinet searches since the June E-mail exchange that
15 we looked at as Exhibit 28?

16 A. No.

17 Q. Okay. Would you expect to receive such
18 updates if they were being run?

19 MS. LAW: Objection to form.

20 You can answer.

21 THE WITNESS: Yes.

22 BY MR. WOLINSKY:

1 Q. Okay. I don't see an answer here to
2 Ms. Vogel checking to see whether they had been run.
3 Do you know whether they were?

4 A. I don't know, Robert.

5 MR. WOLINSKY: Okay. Let me go -- let me
6 give you your next exhibit.

7 (Deposition Exhibit 30 was marked for
8 identification.)

9 MS. LAW: Kevin, we've been going for about
10 an hour. Do you want to keep going for another 15
11 minutes or so?

12 THE WITNESS: Yeah. That's good.

13 BY MR. WOLINSKY:

14 Q. Okay. No. 30 is coming. Okay. So this is
15 an E-mail chain picking up in January 2012. If you
16 look at -- if you look at the third page, you write to
17 Mr. Songsanand and say, "Could you please respond on
18 the Complinet question since you ran those checks?

19 "Thanks, Kevin." Do you see that?

20 A. Uh-huh.

21 Q. And Songsanand -- Mr. Songsanand writes back
22 the next day and said, "I haven't redone them but I

1 understand you need new Complinet runs since the
2 previous ones are dated."

3 And you wrote back and said, "I have no idea
4 what's needed; didn't think we needed to do this
5 twice! Please speak with Carla, ok?"

6 Do you see that?

7 A. Right.

8 Q. So at that point in time, it looks like since
9 June 2011, no updates or current monitoring had been
10 done by EIG on compliance issues as it related to Sete
11 Brasil as of January 2012; correct?

12 MS. LAW: Objection to form.

13 THE WITNESS: Well, remember, this is in the
14 context of a new system that Carla was implementing.
15 You know, this pre-investment checklist, which is --
16 another way to look at it is like a conditions
17 precedent checklist. It was just being more organized
18 in checking all the boxes before you disburse funds.
19 So the reason I would have said that is because we
20 weren't sure what was expected on the Complinet front.

21 But to answer your question I don't remember
22 running another Complinet between June and whatever

1 this date is, January.

2 BY MR. WOLINSKY:

3 Q. And Mr. Songsanand specifically tells you he
4 did not; correct?

5 A. Correct.

6 Q. And you tell him that you don't know whether
7 one is required. Isn't that right?

8 A. Right.

9 Q. And then he did run one and says, "a few new
10 items." Can you discuss with me. Do you see that?
11 "Are you available to discuss?" Top of page -- I
12 can't tell what page it is.

13 A. Hold on.

14 Q. 3, maybe.

15 A. Okay. Yeah, I see that.

16 Q. Okay. You write back on Friday, January 13,
17 2012 and say, "Funding is on Wednesday? What sort of
18 issues did you find?" And that's referring of funding
19 of the loan of Sete; correct?

20 A. The bridge loan, yes.

21 Q. Okay. And that was \$100 million?

22 A. Yes. That's my recollection.

1 Q. Okay. And he identifies a couple of
2 additional issues. Let me make it bigger so I can
3 read it. That Queiroz Galvao was being extorted by
4 drug lords. That their reps visited Libya to meet
5 with the Transitional National Council, and then he
6 listed several people, including Joao Carlos Ferraz is
7 on the Economic Commission for Latin America.

8 Do you see that?

9 A. Okay. Yes, I saw that.

10 Q. Okay. And then Mr. Songsanand sends an
11 E-mail to Ms. Vogel at the top of Page 2, saying,
12 "Carla,

13 "I discussed the items below with Kevin over
14 the phone." Do you see that?

15 A. Yes.

16 Q. "Queiroz Galvao is no longer integral to the
17 Sete transaction, so we don't believe the Complinet
18 runs for QG need to be included."

19 And then "Regarding the 3 individuals, the
20 first two are false. The match for Ferraz is probably
21 correct. The commission he is on appears to be a UH
22 body; therefore we believe is low risk."

C E R T I F I C A T E

I do hereby certify that the aforesaid testimony was taken before me, pursuant to notice, at the time and place indicated; that said deponent was by me duly sworn to tell the truth, the whole truth, and nothing but the truth; that the testimony of said deponent was correctly recorded in machine shorthand by me and thereafter transcribed under my supervision with computer-aided transcription; that the deposition is a true and correct record of the testimony given by the witness; and that I am neither of counsel nor kin to any party in said action, nor interested in the outcome thereof.



Nancy J. Martin, RMR, CSR

Dated: October 16, 2020

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